

**ERIE COUNTY SEWER DISTRICT NO 4
BOARD OF MANAGERS
COMBINED BUDGET MEETING DISTRICTS NO. 1, 4, & 5
JUNE 25, 2014
NORTHERN REGION CONFERENCE ROOM**

MEMBERS PRESENT: Messrs. Gary Ambrose, Thomas Batt, Robert Harris,
Jesse C Nikonowicz Sr., and Ms. Kristin McCracken

OTHERS PRESENT Messrs. Joseph Fiegl, Larry Krug, Richard Rehac, Matt Salah,
Donald Symer, Kevin Zynda and Ms. Brenda Rehac

Chairperson McCracken called the meeting to order at 3:14 p.m.

Mr. Fiegl presented the proposed ECSD No. 4 Budget to the Board. Overall, the impact to the typical ratepayer in ECSD No. 4 for 2015 is an increase of approximately 3-4%.

ECSD No. 4 is one of three sewer districts that comprise the Division of Sewerage Management's "Northern Region." The Northern Region budget is developed based upon a Memorandum of Understanding dated 6/19/91. Essentially, the Memorandum of Understanding outlines which costs or expenses are shared items and which items are exclusive to individual districts and their respective budgets. In summary:

- Costs such as personnel, supplies, equipment, "Division-wide" expenses, etc. are shared based upon the ratio of units in each sewer district and the total units in Northern Region.
- Contractual treatment charges, debt service, revenues, fund balance, and capital reserve are exclusive to each sewer district.

Mr. Fiegl noted that Mr. Salah and Mr. Zynda are present representing the ECSD Nos. 1 and 5 Boards, respectively. Both Boards unanimously passed their budgets in previous meetings. Should the ECSD No. 4 Board vote affirmatively, the combined Northern Region budget would pass as proposed.

For this year, Northern Region shares in approximately 47% of the Division-wide expenses. Within Northern Region, ECSD No. 4 is responsible for approximately 50% of the costs.

Reviewing the Detail Summary for ECSD No. 4, total appropriations are projected to increase almost \$164,000 when compared to 2014. The change can be most attributed to a proposed \$150,000 increase in the capital reserve allocation (note there is a typographical error on memo), a \$65,000 increase in utilities, a \$100,000 increase for cured in place pipe lining, and personnel costs. On the revenue side, the ECSD No. 4 fund balance allocation has been decreased when compared to the 2014 budget. Observing recent trends on amount available and amount used, it is believed that this allocation of fund balance is prudent.

As noted previously, the estimated impact to the typical ratepayer (single family home) in ECSD No. 4 is approximately a 3-4% increase for 2015, or slightly over \$1/month for ratepayers receiving full service from the County.

It has been proposed in this budget that a part time administrative position be re-classified and re-titled to a "regular part time" position to provide additional coverage and handle the needs of the office. Mr. Fiegl explained a Division-wide reorganization of positions in the budgets to

Item
(b)

Attachments:

Excerpt from District 1 Board Meeting June 20, 2014

Excerpt from District 5 Board Meeting June 23, 2014

ECSD No. 1 Board of Managers - June 20, 2014

It is recommended for the 2015 Budget that the flat charge remain unchanged at \$200.00 per unit and the footage charges in ECSD No. 1 remain at \$0.70 / foot. At this time, the Board would be approving the budget for ECSD No. 1. At the Combined Budget Meeting on June 25th, the entire Northern Region budget is voted upon. If at that time any changes are proposed by either the ECSD No. 4 or ECSD No. 5 Board of Managers, said changes will be presented and discussed at the July 2014 ECSD No. 1 Board of Managers meeting. Ms. Holtz moved, seconded by Ms. Meegan to approve the 2015 Budget. The motion carried 5-0.

ii. 271 Resolution

Mr. Fiegl presented the 271 resolution to the board for review and approval. Approximately 42%, 8%, and 50% of the total sanitary sewer tax levy of \$6,450,788 will be raised from the assessed value, footage and flat charges, respectively.

Ms. Meegan moved, seconded by Ms. Holtz, to approve Resolution 271 with a flat charge of \$200.00 and typical footage charge of \$0.70. The motion carried 5-0.

ECSD No. 5 Board of Managers - June 23, 2014

It is recommended for the 2015 Budget that the flat charge remain unchanged at \$100.00 per unit and the footage charges in ECSD No. 5 remain at \$1.00 / foot. At this time, the Board would be approving the budget for ECSD No. 5. At the Combined Budget Meeting on June 25th, the entire Northern Region budget is voted upon. If at that time any changes are proposed by either the ECSD No. 1 or ECSD No. 4 Board of Managers, said changes will be presented and discussed at the July 2014 ECSD No. 5 Board of Managers meeting.

Mr. Sanders moved, seconded by Mr. Zynda to approve the 2015 Budget. The motion carried 5-0.

ii. 271 Resolution (Handout)

Mr. Fiegl presented the 271 Resolution to the Board for review and approval. Mr. Fiegl explained that the resolution spells out the rates used to calculate the tax levy, and is a necessary step in the budget approval process. Approximately 53%, 22%, and 25% of the sanitary sewer tax levy \$1,513,958 shall be raised from the assessed value, footage and flat rate charges, respectively. Mr. Lavocat requested an amendment to the 271 Resolution be changed to reflect; "RESOLVED, that a footage charge be spread to all properties who are serviced by a County-owned sanitary sewer line by the County Sewer District; and be it further". Mr. Ketchum moved, seconded by Mr. Sanders to amend the 271 Resolution. The motion carried 5-0.

Mr. Sanders moved, seconded by Mr. Callahan to approve Resolution 271 with a flat charge of \$100.00 and footage charge of \$1.00. The motion carried 5-0.

align with the consolidation of services across the various sewer districts. A hand out was provided detailing the positions included. No new positions were added as part of the Division-wide reorganization.

Fringe benefits for employees are being calculated at 69.5% in this budget. Actual numbers are not available at this time, but the County's budget office believes this is a conservative estimate. There are factors outside the County's control that influence the rate. The County's Administration has attempted to address the rising fringe benefit costs with recent Union Contract proposals.

The 2015 equipment line items represent \$472,000 of the Northern Region budget. The major items include the replacement of a truck mounted flusher, a new programmable logic controller (PLC) system at the Depew Pumping Station, and Northern Region's standard unanticipated replacement item. The replacement of the truck mounted flusher was discussed last year.

Before going into specific details of the budget line codes, Mr. Fiegl explained that the budgets are developed conservatively, with the understanding that monies left over at year end are transferred to fund balance and utilized as revenue to offset future rate impacts. Items listed in the budget as "DSM" are expenses for the Downtown office. Northern Region contributes 47% of these Downtown office expenses.

A review of the individual budget codes was provided. It was noted that certain items such as "Foundry Supplies" were increased, but there was a corresponding decrease elsewhere in the budget ("Manhole Structures" in this instance). These changes were made for consistency throughout the various Erie County Sewer District budgets. Specific items highlighted included the budgeting on fuel, the \$100,000 increase in I&I repair, decreases in the budget for Buffalo Sewer Authority bills, \$150,000 increase in capital reserves, utility cost increases, and personnel costs.

Fund balance usage as an offsetting revenue is budgeted at 55%. The available district fund balance at 12/31/13 represents approximately 2.24 months of 2015 budgeted appropriations.

It is recommended for the 2015 Budget that the flat charge be increased to \$180.00 per unit (\$180.75 in the Village of Depew) and the footage charges in ECSD No. 4 remain at \$0.60 / foot.

Actual approval of the budget will be done during the regular District No. 4 Board meeting with the passage of the 271 resolution.



Matt Salah, P.E.
Secretary, ECSD No.1
Board of Managers

Respectfully submitted,



Thomas M. Batt, P.E.
Secretary, ECSD No. 4
Board of Managers



Kevin J. Zynda, P.E.
Secretary, ECSD No. 5
Board of Managers